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OFFICE OF CURRENT INTELLIGENCE
DAILY DIGEST OF SIGNIFICANT TRAFFIC

Date: MAR 12 1951

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 - "A" - items indicating Soviet-Communist intentions or capabilities
 - "B" - important regional developments not necessarily related to Soviet/Communist intentions or capabilities
 - "C" - other information indicating trends and potential developments

State Dept. declassification & release instructions on file

"A" USSR. Remarks of Gromyko Regarding Reported Stalin Letter to French CP.
In connection with the Stalin letter to Duclos, Soviet Deputy For Min
Gromyko reportedly (F-6) expressed the following views to the PCF Polit-
buro: (1) a reply to the letter is expected; (2) Stalin desires peace but
must have proof, i.e., dissolution of NATO, that the US will not attack;
25X1X (3) a neutral France would never be attacked by the USSR; and (4) by "sit-
25X1X ting back and waiting for Soviet liberation", certain PCF Politburo members
25X1X showed that they believed, despite Stalin's stated desire for peace, the
25X1A USSR to be planning aggression. This information [REDACTED]

(See OCI Daily Summary, 10 Mar 51).

COMMENT:

US Embassy Counsellor Bohlen in Paris made the following remarks concern-
ing the reported Stalin letter to Duclos: It is impossible to judge the
authenticity of the alleged letter. If genuine, it is of great importance
because it is an usual departure for Stalin to communicate with foreign
Communist Parties. As Stalin is known to be doubtful of the security of
the French and Italian Communist Parties, the letter, if genuine, must
have been written for the specific purpose of having the information
become public. US Ambassador Bruce said that he was inclined to be skep-
tical of the authenticity of the letter. [REDACTED] (US
OFFICIALS ONLY).

"A" Soviet-Sponsored World Organization Reportedly Being Organized. The
Peripheral Reporting Unit in Vienna reports the receipt of further evidence
that the Soviet orbit is actively considering the formation of a Soviet-
sponsored United Nations type organization. According to a former official
25X1C [REDACTED] Czechoslovakia to avoid arrest in con-
nection with the Clementis affair, the "world organization" apparently has
proceeded far beyond the planning stage. A Soviet national named Oleshchuk
is reported to have been in Prague to discuss details and methods for form-
ing the new "peace" organization with Czech authorities. As supporting
evidence the Peripheral Reporting Unit draws attention to the current
Cominform Journal commenting on the "measureless significance" of decisions
of the recent World Peace Council meeting in Berlin. (C Vienna 1974, 9 Mar
51). COMMENT: No reports have been received of the actual setting-up of a
new Soviet-sponsored "world organization"; nor have reports been received
of formal organizational structure of the World Peace Council, although it
claims to represent more people than the UN. Oleshchuk was reported to have
made the unusual statement in Moscow 27 Feb that "if the UN did not respond
to the representations of the delegation of the World Council of Peace, the
Soviet Union would have no alternative but to leave the UN." The two prin-
cipal resolutions of the WPC are an appeal for the conclusion of a peace
pact between the five Great Powers and a demand that the UN "return to the
role assigned to it by the Charter." F.N. Oleshchuk so far has not been
identified since 1947, when he was Deputy Chief of the Propaganda and
Agitation Administration of the Central Committee of the Communist Party.
(See OCI Daily Summary, 7 Mar 51).

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"A" EASTERN EUROPE. CZECHOSLOVAKIA. Archbishop Beran Fined and Exiled from Praha. According to an official Praha radio announcement on 10 March, Archbishop Joseph Beran, Roman Catholic Primate of Czechoslovakia, has been banished from the city, fined an undisclosed amount by the appropriate administrative organs, and placed "under confinement" in the country for having displayed a "negative attitude toward the church laws." The broadcast concluded with the announcement that Canon Antonin Stehlik has been elected by the Metropolitan Capitular of St. Vitus to be Capitular Vicar of the Archdiocese of Praha. (U NYT, 11 Mar 51). COMMENT: The Communist regime is now one step closer to its goal of complete control over the Roman Catholic Church and its hierarchy in Czechoslovakia. Since the action taken by the State against Beran is in effect the carrying out of a sentence, it is likely that he has already been tried in camera and that no public trial similar to that of Cardinal Mindszenty of Hungary is contemplated in the near future by the Czechoslovak regime. Stehlik has been described as a patriotic priest having a positive attitude toward the State. Although Stehlik might be installed as the Archbishop of Praha, Beran will remain Primate of Czechoslovakia in the minds of Czechoslovakia's approximately 9,000,000 Roman Catholics.

"B" Another Diplomat Defects. According to a "completely reliable" report reaching the US Legation in Switzerland, Jiri Brotan, First Secretary of the Czechoslovak Legation in Berne and former private secretary to Clementis, defected 28 February. Brotan allegedly told an Iranian counselor official that his Czechoslovak colleagues had demanded his return to Praha and threatened him if he refused. The Swiss Government, however, has granted him the right of political asylum. (C Berne 1284, 8 Mar 51).

"B" HUNGARY. Young, Recently Trained Communists Encroaching on Territory of Old-Line Communists. The composition of the Central Committee and Politburo elected at the Second Congress of the Hungarian Workers Party (Communist) reveals that young post-1948 graduates of the Party schools are acquiring a growing influence. Half of the new members of the Central Committee are young activists. (S Budapest 2462, 10 Mar 51). COMMENT: This is the first large scale incidence of a trend which has been developing since the Communists seized control of the Hungarian Government in 1947. The supplanting of pre-war Communists who had been associated with the Comintern, who had spent time in Western Europe or who had other causes for nationalist or internationalist feelings, by ardent, young Communists who owe their present position to the Soviet Union is one of the methods the USSR uses to secure its control of the Satellites.

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- "C" TURKEY. Turkish Cabinet Promptly Reformed. A new Turkish Cabinet was approved on 9 March, following the resignation of the old one on 8 March. Menderes returned as Prime Minister. All the former Cabinet members were retained except for Minister of State Karaosmanoglu, Minister of Economy and Commerce Velibese, and Minister of Agriculture Iyrijoz. (R Ankara 537, 8 Mar 51). COMMENT: This reshuffle, carried out without confusion, did not prejudice Turkey's stand on basic national and international issues (OCI Daily Summary, 9 Mar 51). Cabinet friction was largely responsible for the shift. Menderes has been criticized for heading both the government and the Democratic Party, and it is expected that Karaosmanoglu, now relieved of his Cabinet Post, will take over as head of the Party.
- "B" SYRIA. Cabinet Crisis. The Iraqi radio, which earlier reported the fall of the Qudsi Government, states that the Syrian cabinet crisis is still acute. Qudsi is reportedly tired of the heavy burdens of the premiership and is determined to resign despite President Atassi's alleged efforts urging him to withdraw his resignation. US Legation Damascus suggests that the crisis resulted from a stormy cabinet reaction to Army interference in the Government's business and stresses the following major points of conflict: 1) The Army opposes a draft bill which would transfer full control of the gendarmerie from the Ministry of Defense to the Ministry of the Interior, thus abolishing the dual control which has existed heretofore; 2) Fearing that Syria might alienate France, which is Syria's only source of arms, the Army has objected to Government support of the Arab League resolutions condemning French actions in Morocco; and 3) Senior Army officers are dissatisfied with Qudsi's equivocal policy vis-a-vis the East-West conflict and favor closer alignment with the West. (R FBID Ticker, 11 Mar 51; C Damascus 444, 10 Mar 51; U NYT Damascus, 10 Mar 51). COMMENT: Though based on incomplete reports, the Legation's conjecture that the Army is ultimately responsible for the cabinet crisis is highly plausible. Lt. Col. Adib Shishakli, the Deputy Chief of Staff, and Akram Hawrani, leader of the Arab Socialist Party, have been actively working to bring about the downfall of Qudsi's Populist Government. (See OCI Daily 19 Feb 51; 9 and 10 Mar 51). An unconfirmed report from radio Baghdad states that President Atassi has asked former Premier Khalid al-Azm to try to form a new cabinet. Though al-Azm, who maintains close relations with Atassi, would be a logical first choice, there is doubt that he would willingly serve Army interests to the extent desired by Shishakli.
- "B" IRAN. Shah Appoints Hussein Ala New Premier. Press reports from Tehran state that the Shah has appointed Hussein Ala, former Iranian Ambassador to the US and now Minister of Court, Iran's new Premier. Although he at first refused the post, Ala is now reported to have accepted the position. His appointment has been confirmed unanimously by the Senate. (U NYT, 11 Mar 51).

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COMMENT: Veteran diplomat Hussein Ala gained national acclaim in 1946 when as Foreign Minister, he championed Iran against the Soviet Union before the UN Security Council during the struggle over the fate of Iran's Azerbaijan Province. Ala is not in good health. He may also not be strong enough to overcome political exploitation by the National Front and other affiliated groups of the crucial issue of oil nationalization. He is known to be loyal to the royal family, however, has a long record of opposition to Soviet aggression and, through his long tenure as Ambassador to the US, has an unusual understanding of US policy and procedures. He will probably support a program of governmental and economic reform and the acceptance of US aid in order to carry out current plans for the country's economic development. He will undoubtedly attempt to persuade the Anglo-Iranian Oil Company to alter its terms in favor of Iran. His success in effecting reforms, and indeed in staying in office, unquestionably will depend almost wholly on his handling of the explosive oil issue.

"B" INDOCHINA. Chinese Nationalist maneuvers regarding interned troops. The Nationalist MA (Bangkok), now visiting in Saigon, has reportedly disagreed with leading Nationalist officials in Indochina regarding the possible entry into Indochina of 5,000 Nationalist troops who are now at large in Burma. The Bangkok MA is promoting a scheme to unite these forces with the 30,000 Nationalist troops who have been interned by the French since their crossing into Indochina from China over a year ago. After failing to get the Nationalist Consul General in Saigon to seek French agreement for entry into Indochina of the Nationalist forces in Burma, the Bangkok MA said that he would not hesitate to employ these forces to manufacture incidents on the Burmese-Laotian frontier or to organize a hunger strike among those Nationalists already interned in Indochina in order to force French consideration of his plan. US Legation Saigon comments that the Bangkok MA appears to be a "somewhat unprincipled opportunist" who proposes to assume leadership of a potential 35,000 man guerrilla force which could, with US aid, one day return to China proper. French authorities state that the Bangkok MA's secondary aim is the sale of some 17 million piastres worth of valuables in the possession of the Nationalist remnants which apparently cannot be absorbed by the Burma market. (C Saigon 1585, 10 Mar 51)

"B" THAILAND. Analysis of Viet Minh propaganda attacks. US Embassy, Bangkok advances four possible alternative explanations for the Viet Minh's use of ex-Premier Pridi's name in its recent intensified propaganda campaign against the Phibun regime in Thailand: (A) Pridi is actually cooperating with the Communists, (B) the Communists are seeking to capture the imagination of Pridi's followers, (C) the Communists are attempting to forestall a Pridi-Phibun rapprochement and (D) the Communists wish to prevent Pridi's return to power without their support. The Embassy also suggests that Viet Minh accusations of aggressive Thai moves on the Laos border may indicate an effort to justify a Communist seizure of Laos, with

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the subsequent intention of invading Thailand. (C Bangkok 1379, 10 Mar 51). COMMENT: Viet Minh anti-Phibun propaganda closely follows that of the Chinese Communists, in which the main line characterizes Phibun as a US stooge converting Thailand into a military base for "imperialist" attacks on Vietnam and China. The chief objective of this propaganda campaign appears to be the laying of the groundwork for increasing Communist pressure on Thailand, which might possibly include the use of both internal or external force. Creation of at least the illusion of Thai participation in such a pressure program especially one including violence is highly desirable and the use of Pridi's name willy-nilly is an effective means to this end.

"A" MALAYA. Peiping "investigation" party plans visit. HSIUNG Ching-ting, Chairman of the Peiping Government's "Chinese People's Relief Committee for Overseas Chinese Refugees in Malaya," has cabled Prime Minister Attlee requesting his authorization of visas for an investigation party which wishes to conduct an on-the-spot inspection of the treatment of Chinese in Malaya. (R FBIS, 9 Mar 51). COMMENT: Peiping's latest propaganda offensive against the British in Malaya has largely concentrated on claims of "persecution of Overseas Chinese" in the Colony. UK Colonial Secretary Griffith has taken the position that such "evident untruths" should not be honored with any special attention and that, far from being persecuted, the Chinese in Malaya are being protected by the Government from the violence of the Malayan Communists. Although the British probably will refuse visas, such action in itself will provide added fuel for Peiping's propaganda.

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"A" CHINA. Guerrilla activity in south. [REDACTED] transmits a report from the [REDACTED] stating that the seriousness of popular opposition to the Communists in Kwangsi is shown by (A) the visit of Kwangtung Governor YEH Chien-ying to Nanning in December to advise on "anti-bandit" operations, (B) the Communist claim to have put some 50,000 "bandits" out of action in December, (C) the assignment of an entire Army Group (the 21st) to guerrilla suppression duties in the province, and (D) continued public executions in major cities. The UK Consulate remarks that completion of the projected railroad through Kwangsi to the Indochina border may be delayed in consequence. (S London 4834, 9 Mar 51). COMMENT: Previous reports of YEH's visit to Nanning have referred to a conference on the Communist aid program for the Viet Minh. Although the probable delay in the completion of the railway and the assignment of substantial armed forces to anti-guerrilla operations may both reduce Chinese Communist capabilities for assisting the Viet Minh, either indirectly or directly, it is believed that Peiping remains capable of committing more than 100,000 troops to the Indochina conflict at any time.

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"C" KOREA. Anti-communist guerrilla operations in North.

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that anti-communist guerrilla activities in North Korea will reach significant proportions before June. supported his thesis by adding that Communist practices of confiscating grain for military use in food-short North Korea will actively alienate many peasants. (R FBIS, 10 Mar 51). COMMENT: There is already evidence of an internal security problem in North Korea, particularly in the western province of Hwanghae. No reports have been received of peasant uprisings, but such activity can be viewed as "probable".

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"C"

Disease problem in north. US 8th Army medical and intelligence officers denied that a typhus epidemic was raging in North Korea. The existence of bubonic plague was similarly characterized as a rumor. (R FBIS, 9 Mar 51). COMMENT: Although a fairly high incidence of disease is known to exist among Communist troops in northeast Korea, there is no evidence that the disease has reached epidemic proportions.

"C"

JAPAN. Fishing craft seized in East China Sea. The seizure of two more Japanese fishing boats in the East China Sea was reported on 10 March on the basis of a radio message from one of the boats. The message stated that the vessel was "being chased" in an area 150 miles southwest of the Ome Islands, and that its sister ship had already been captured. One Japanese boat was seized and another fired upon in the same area on 8 March. (R FBIS, 10 March 51). COMMENT: If locations are accurate, these boats were operating midway between Kyushu and the China mainland, in waters well within the "MacArthur line."

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SECTION 3 (WESTERN)

"A" ITALY. Togliatti and High-Ranking Communist Senator Accused of Deviationism. Italian Communist (PCI) leader Togliatti and Senator Umberto Terracini, high-ranking party official, are both allegedly showing deviationist tendencies. The latter has reportedly already contacted PCI defectors Magnani and Cucchi with the expectation of leaving the party in the near future. (C Rome 3951, 9 Mar 51; S/C US OFF. [REDACTED] Mar 51). COMMENT: Togliatti's consistent support for a strong united Italian Communist Party makes it unlikely that he would consider leaving the PCI. He has reportedly ordered a preliminary investigation of several PCI parliamentarians, including Terracini. It is much more likely that Terracini, who has previously been rebuked for questioning PCI subservience to Moscow, may be considering withdrawal. His departure might well stimulate a very considerable increase in the number of defections and correspondingly strengthen the potentialities of the Magnani-Cucchi group as a threat to PCI leadership.

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"B" Right-Wing Socialists May Leave Government to Merge with Unitary Socialists. The Right Wing Socialist Party (PSLI) is reportedly about to leave the De Gasperi Cabinet in order to merge with the Unitary Socialist (PSU) opposition party, which has insisted that no merger could be contemplated unless the PSLI quit the Government. The agreement was said to have been concluded between Right-Wing Socialist leader Saragat, and Romita, one of the leaders of the Unitary Socialists. The PSU reportedly agreed, for its part, that the new unified party would support the Atlantic Pact, previously under criticism by the PSU. A member of the PSLI has told US representatives that Romita's unification project, opposed by a minority group in the PSU, might well lead to a split in the party. The question of collaboration will undoubtedly be debated at the PSLI national convention, scheduled for 21 March-3 April. (C Rome 3963, 10 Mar 51; U New York Times, 12 Mar 51). COMMENT: Such a move by the PSLI would displease De Gasperi, who is anxious to maintain the fiction of a broadly-based cabinet by retaining the three PSLI representatives. Both the right and left wings of the Christian Democratic Party, however, have long urged that the Christian Democrats, who now dominate the Cabinet, make it a single-party group. A merger of the PSLI with the PSU might militate against the formation of a strong worker's movement such as is contemplated by PSU leader Silone and PCI defectors Magnani and Cucchi to compete with the Italian Communist Party. Many anti-Stalinist Communists would suspect the true Marxism of the PSLI, which has been ineffectual in supporting the workers' aims during its participation in the Cabinet.

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"B" SWITZERLAND. Swiss to Establish Atomic Research Center. About twenty industrial organizations throughout Switzerland are providing the necessary funds to establish a new physics institute in Geneva the latter part of 1951. This center will do research in the three main fields of physics: nuclear magnetism, nuclear energy, and electronic microscope work. (R, FBIS, 9 Mar 51). COMMENT: There are thus far no indications that the Swiss intend to embark on any atomic weapons program, but will probably devote their main efforts to the development of nuclear energy for application to industrial uses. For some time the Swiss have been concerned that the application of the results of nuclear research to industrial uses in other countries will leave them far behind industrially. The Swiss are reported to have approached Spain and Portugal within the last year for uranium supplies. There is a possibility that the Belgians might furnish the necessary uranium as one of the conditions of the recent Swiss loan to Belgium.

25X6 "C" UNITED KINGDOM. Government Hoping for Improved Anglo-Italian Relations The Foreign Office sees the bolstering of De Gasperi's position and the improvement of Anglo-Italian relations as the main purposes of the current visit of the Italian Prime Minister and Foreign Minister to London. No agenda for the talks has been arranged, but the British Government expects to touch especially upon NATO defense matters, communism, Anglo-Italian economic cooperation, and Italy's former colonies. Broadly speaking, the British Government hopes [REDACTED] 25X6
[REDACTED] to concentrate on creating an atmosphere of good will. (S London 4854, 9 March 51). COMMENT: The British initiative in arranging the current Anglo-Italian talks testifies to the decline in hard feeling toward Italy engendered by Mussolini's regime and pre-war colonial rivalries and struggles for Mediterranean supremacy. It further underlines the good impression De Gasperi's regime has made in London in spite of previous Labor reservations concerning the clerical and conservative influences in the Italian Government. While Anglo-Italian suspicions can only be dissipated gradually, the current discussions underline British awareness that Anglo-Italian relations need improvement.

"C" MALTA. Continuing Political Impasse Necessitates New Elections. The failure of Prime Minister Borg to form a coalition government, following the 15 January parliamentary defeat of his minority Nationalist Government, necessitates the holding of new elections, probably in April. (U, Valetta Desp 68, 13 Feb 51). COMMENT: The chronic economic difficulties of this internally self-governing British colony, whose main source of income comes from the Royal Navy dockyards, are responsible for a continuing political instability that has been a minor headache to the UK for the past 18 months. In the summer of 1949 the Malta Labor Party, which then controlled the Government, split into two groups of approximately equal strength on the question

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of the adequacy of British economic assistance to Malta. Since then, and especially since the elections of September 1950 put a minority government in power, it has been impossible to enact any program to meet the economic crisis, and no real change in the situation is expected from new elections. The UK Government holds that it has already given Malta all the direct economic aid which the British budget will stand and which Malta as a self-governing territory has a right to expect.

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DAILY DIGEST SUPPLEMENT

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OFFICE OF CURRENT INTELLIGENCE
DAILY SUMMARY OF SIGNIFICANT S/S CABLE TRAFFIC

12 March 1951

SECTION 2 (EASTERN)

25X1X "B" INDOCHINA. De Lattre Suspicious of US Role. In conversation with General De Lattre made the "surprising" observation that the Associated States could not attain the same status as the former British colonies which remained within the Commonwealth since France had spent too much wealth and blood protecting them. De Lattre also complained that ECA's road project in Tonkin was getting too much publicity for the "very small contribution" it was making. In the same connection, a member of the US MAAG reported that a member of De Lattre's staff quoted the general as stating that [REDACTED] a dupe, presenting an honest face while all sorts of American machinations were transpiring behind our backs." 25X1X [REDACTED] concludes that the US is confronted with a sudden access of suspicion and objections to US operations and policy in Vietnam, and speculates whether De Lattre and his cabinet are experiencing a return of confidence and feeling of self-sufficiency and, therefore, a desire to revert to the days when French authority and influence were exclusively maintained. (S S/S Saigon 1567, 8 Mar 51).

SECTION 3 (WESTERN)

"B" ITALY. Italians Tie Peace Treaty Revision to Defense Effort. In a recent review of the Italian defense program, the Under-Secretary of the Treasury Malvestiti, stated that because of a worsening in the Italian balance of payments, a shortage of raw materials, the precariousness of the Government's situation vis-a-vis Parliament and the need for greater US aid, the current 18-month 250 billion lire defense program must be considered as the maximum Italian effort till the end of the fiscal year 1952. This official also asked for the elimination of the "inequalities" in the peace treaty in order to justify further defense expenditures in Parliament and to sell this program to the people. Foreign Minister Sforza stated, however, that the Government has not reached a firm position on the question of peace treaty revision, but intends to raise this question through channels in Washington to determine US intentions on this matter.

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(S S/S Rome 3920, 8 Mar 51). COMMENT: At this stage of rearmament the Italian economy is adequately supported by ECA aid, and Italian statements to the contrary are principally for the purpose of bargaining with the US. Nevertheless, the Government is finding considerable parliamentary opposition to the economic controls phase of the defense program. There is apparently a wide difference of opinion within the Government as to the advisability of seeking a revision of the peace treaty at this time. A demand by the Italian Government would, however, clearly have favorable repercussions among the Italian people and would somewhat mute popular dissatisfaction with Sforza's conduct of foreign affairs.

"B" UNITED KINGDOM. Public Opposition to West German Rearmament Continuing. Fairly important public British sentiment against any form of West German rearmament at this time is estimated by US Embassy London to be increasing, especially in Labor circles. While this attitude is not endorsed by the Government and not widely shared by Conservatives, it extends further than left and pacifist elements. Opposition to German rearmament is primarily based on the belief that such a course would dangerously revive military reaction in Germany, would be unnecessarily provocative to the USSR, and would not substantially increase the military potential of the West at this time, especially in view of the widespread opposition on the part of the Germans themselves. (S S/S London 4825, 8 Mar 51). COMMENT: Labor back-bench pressure on Prime Minister Attlee not to proceed with German rearmament now has already resulted in assurances that Government agreement in that policy has only been "in principle" and that no irrevocable decision to rearm Germany had been taken. (OCI Daily, 10 Feb 51). Labor Party Headquarters is now receiving an increasing and unusual number of resolutions from local Labor Party constituencies opposing German rearmament. This sentiment will not alter fundamental Government policy on the issue but will probably slow down Government action until it becomes clearer to the public that agreement cannot be reached with the USSR on the German question.

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